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Swapping Claims in Cyberspace: Legal/Technical Context and Negotiation Strategies for Domain Name Deals

Jefferson F. Scher

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Swapping Claims in Cyberspace: Legal/Technical Context and Negotiation Strategies for Domain Name Deals

by
JEFFERSON F. SCHER*

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I

The Importance of Domain Names in Electronic Commerce

Despite predictions that convenient, reliable, and comprehensive directories of web sites would render increasingly cumbersome domain names obsolete, they continue to perform multiple functions as mnemonic addresses for Internet devices, trademarks for new or established businesses, and “search terms” for those who don’t know where else to look. Getting the “right” name can make an enormous difference in the amount of “traffic” to your site, and “eyeballs” are the most valuable asset for an Internet business— at least for now.

This section provides some background on the operation of the domain name system, the status of the most important registry (.com), and the various search systems and challengers to the role of domain names.

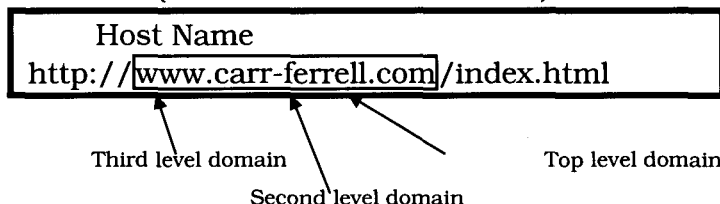
A. Tech Talk: The Nuts and Bolts of the Internet Domain Name System

The domain name system (DNS) translates domain names, such as *carr-ferrell.com*, into the numeric Internet Protocol (IP) addresses used to locate servers on the Internet. The failure of any link in the DNS chain will disrupt the effortless communication on which our businesses increasingly depend.

1. The Anatomy of a Domain Name

An Internet domain name consists of two or more segments separated by periods. Domain names are parsed from right to left, starting with the top level domain.

URL (Uniform Resource Locator)



a. Top Level Domain

The segment furthest to the right (before the / in a URL) is the top level domain (TLD). In the domain name *carr-ferrell.com*, "com" is the TLD. Shorthand references for the com TLD include ".com" and, less commonly, ".com.". The TLDs are a closed set established many years ago by Internet engineers, and each TLD generally has a single registrar which controls the registration of domains in that TLD.

b. Second Level Domain

The segment immediately to the left of the TLD is the second level domain (SLD). In the domain name *carr-ferrell.com*, "carr-ferrell" is the SLD. In any given TLD, there can be no duplicate SLDs. In most TLDs used by U.S. companies, the registrar is offering registrations of SLDs, and only SLDs.¹

c. Subdomains

Technically, any segments to the left of the TLD are subdomains, but the term is most commonly used for third level domains, fourth level domains, and so forth. In the domain name *www.carr-ferrell.com*, "www" is a subdomain. In most TLDs, the registrar does *not* register subdomains within a registered domain. Instead, the registrant of the SLD has complete freedom to name its subdomains whatever it wishes.

2. Nomenclature: Other Terms Used in this Outline

• "Domain name" shall refer to the second level plus top level domain as a whole.

1. The .US TLD, in which the registrar reserves SLDs as part of a relatively rigid geographically hierarchical naming system, is an exception.

•“Host name” shall refer to the full name of a server (sometimes called the fully qualified domain name). An Internet “host” is a server, such as *atlanta.olympic.org*, *www.uspto.gov* or *nic.web*, whose name usually includes one or more subdomains in addition to the domain name.

•“Uniform Resource Locator” (URL) shall refer to the name of a precise document, program, or other “resource” on a host. A URL typically contains the name of the host preceded by a prefix specifying the communication protocol to be used. In *http://www.nhtsa.dot.gov/cars/*, for example, the host name is “www.nhtsa.dot.gov”, and the prefix “http://” is the acronym for the hypertext transfer protocol spoken by web servers. The name of the particular document, graphic file, program, script, or other resource to be retrieved from or executed on the remote server often is appended to the host name; if no file name is sent, a web server typically returns the page named “index.html” (or “index.htm”), in this case from the directory “cars/”.

3. *How the Domain Name System Translates or Resolves a Domain Name*

A user's request to access an Internet resource is first evaluated by the user's local server, typically by the user's Internet service provider, which examines the host name (e.g., *www.carr-ferrell.com* or *209.24.19.43*). Before the resource can be retrieved, the host's numeric Internet Protocol (IP) address must be known. If the user supplied the host's IP address, or if the local server is the authoritative “name server” for the host in question, then the local server can immediately resolve the host name to its associated IP address. If not, the server must ascertain the IP address of the authoritative name server for the requested host, through the following steps:

•*Query a Root Server.* Each of the Internet's thirteen root servers holds an identical database of IP addresses corresponding to officially sanctioned TLDs or “zones,” such as .com, .edu, .fr, and .za. The root server supplies one or more IP addresses for the name server for the relevant TLD (also known as the zone server).

•*Query the Zone Server.* The zone server's database contains one or more IP addresses of the authoritative name

servers for the SLDs registered in that zone. For example, the zone server for the .com TLD would return the IP address 206.86.8.69 as the authoritative name server for *carr-ferrell.com*. Registrars may check that these addresses are functional at the time of registration, but there is no guarantee that they will remain valid.

•*Query the Name Server.* The name server supplies the IP address for the full host name, which often differs from the IP address for the domain name itself.

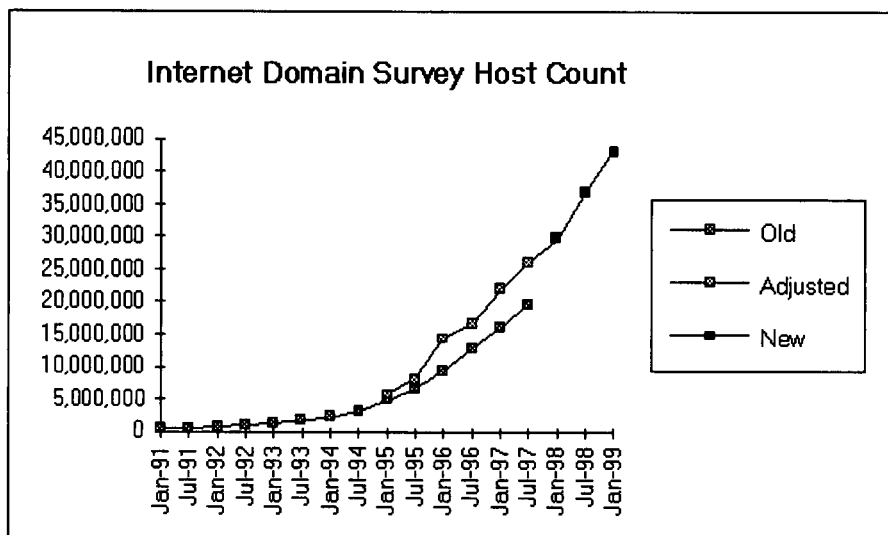
If these queries are not completed within a predetermined interval, a user's browser usually will report that the query "timed out." According to technical protocols, there must be at least one host on the Internet providing authoritative name service for each valid domain name at all times. However, for a variety of reasons, numerous registered domain names have no name service. Efforts to contact hosts at such domains through a web browser or via e-mail generate error messages.

B. The .com TLD: Where Almost Everyone Wants to Be

With the exceptions of upstart national registries whose two-letter country codes are meaningful in the marketplace—such as .TV for Tuvalu—the TLD of choice remains .com for one very important reason: if users are not sure, they will guess *companyname.com* first. As one client discovered, owning the *companyname.net* domain instead can result in lost and diverted business-critical e-mail messages.

Twice per year, Network Wizards² conducts a survey of the number of hosts on the Internet. Typically a single domain name will be shared by a number of hosts with third level domain names such as *www*, *mail*, *ns*, *dilbert* and so forth. Thus, the number of hosts roughly reflects the amount of real activity within each top level domain, as opposed to the gross number of domain names registered, which will include domains warehoused for future use— or sale.

2. Network Wizards, *Internet Domain Survey* (last modified Mar. 16, 1999) <<http://www.nw.com>>. Data and graphic reproduced with permission. *Id.*



As of July 1998, the number of hosts found in the top ten TLDs available for general commercial use were as follows:³

| | | | |
|------|---------------------|------|--------------------|
| .com | 12.14 million hosts | .de | 1.32 million hosts |
| .net | 8.86 million hosts | .ca | 1.12 million hosts |
| .jp | 1.69million hosts | .au | 0.79 million hosts |
| .us | 1.56 million hosts | .org | 0.74 million hosts |
| .uk | 1.42 million hosts | .nl | 0.56 million hosts |

C. Beyond Domain Names: Search Sites, Alternative Directories, and "Smart" Browsers

With over a million registrations under .com already, most companies cannot be found easily by guessing their domain names, and the official "whois" database provides only primitive search functionality. Other options for making one's presence known include web search engines, directories, deals with the vendors of browser software, and various forms of advertising. Or, one can try to live outside the normal root server system and rely on users to redirect their domain name lookups to a rogue name server.

3. See *id.*

1. *Search Engines and Portals*

1998 was hailed as "the year of the portal," driving mega-deals to build or buy sites that would attract users with their breadth and depth, and keep them on-site to generate millions of banner ad impressions per day. Based on statistics collected by Media Metrix, Inc. for December 1998, such content consolidators as America Online, the Microsoft Network, Yahoo!, Netscape, Excite, and Lycos, the immense "neighborhoods" of GeoCities, and microsoft.com are the most visited sites on the web. AOL, Netscape, and Microsoft drive traffic initially through their control of users' browser settings, while Yahoo!, Excite, and Lycos jockey for mindshare through advertising and partnerships. Purchasing pricey real estate on a portal, such as sponsorship of a particular subject-matter channel, can yield enormous dividends if the fit is right.

Most of the top sites offer web search capabilities, often supplied by another top site. Promoters of various HTML coding tricks to improve placement in web search results typically claim that users will not click past the first twenty sites returned. Assuming this is true, it would be unwise to rely on web search sites as a substitute for an easy-to-remember URL, unless you have an extremely unique name or mark.

2. *Trademark-to-Web-Site Directories*

With its RealNames service, Centraal Corporation has answered the question: "What would DNS look like if it were designed by trademark lawyers?"⁴ After users install a free companion program that can intercept the URLs users enter into their web browsers the RealNames service compares them to its own site directory: a database of words and phrases and their matching URLs. If an identical RealName is on file, the keyword will be converted into the URL listed in Centraal's database and domain name resolution proceeds as usual. In the case of a partial match, available choices will be displayed to the user. RealNames prohibits generic terms (e.g., lawyers), and common keywords must be made unique

4. Information on Centraal and RealNames can be found at <<http://www.centraal.com>> and <<http://www.realnames.com>>.

by adding descriptive matter, such as words indicating the type of business (e.g., Acme Bakery) or geographic location (e.g., Computer Shack in Wendover). At \$100 per RealName per year, the service will be most cost-effective for those who were not able to secure the desirable *trademark.com* domain name. Through partnerships with popular sites such as AltaVista, which compares user queries to the RealNames database, RealNames hopes to become the keyword standard.

Netword LLC, whose patent infringement suit against Centraal recently was dismissed, offers a similar service.⁵ Its pricing and other policies, however, encourage a significantly different type of use. Netword's Top 50 keywords include company names and trademarks, but also generic terms (e.g., tax code), short-hand addresses (e.g., ftp-borland), and a variety of shorthand news story titles (e.g., Hussein Death). Unlike RealNames, it appears that Netword does not screen for trademark ownership. For example, the Netword "Oscar Nominees" points to a Washington Post story. Because registration is available on a monthly basis for \$5 per month—and free for noncommercial sites—Netword could take pressure off of the domain name system for ephemeral domain names such as movie titles,⁶ and personal home pages. On the other hand, the wide open registration process appears likely to generate more trademark battles in the future.

In the long run, it is difficult to imagine that both of these systems can survive. On the other hand, as we have seen with "meta" search tools, dualing databases create opportunities for third parties to create software that will bridge the gap.

3. *Browser Tricks*

Netscape recently developed its own keyword translation feature, working an important change in its browser's default behavior. Previously, the software would attempt to resolve incomplete URLs entered into the address box using the template <http://www.WHAT-USER-TYPED.com/>. Now, if the word or phrase has been selected by Netscape as an Internet

5. Information on Netword LLC and Networks can be found at <<http://www.netword.com>>.

6. "My Favorite Martian" already is registered.

Keyword, users who type that name (e.g., United Airlines) will be forwarded to the appropriate URL (e.g., <http://www.ual.com/>). Netscape has not revealed its algorithm, other than stating that one of the "main sources" is the whois database.⁷ Assuming that users upgrade to version 4.06 or later, and that they keep this feature enabled, Internet Keywords appear capable of supplanting RealNames and Networks— if users find that Netscape's database fulfills their needs.

If your name or mark happens to begin with a common word (e.g., Champion), and you were fortunate enough to obtain the domain name registration for that word under .com, the various keyword systems will reduce your traffic from web users blindly guessing URLs. In fact, owners of domains who benefited from the earlier behavior have complained that Netscape is attempting to siphon off their traffic.⁸ It is difficult to imagine, however, that Netscape has any legal duty to favor one convenience feature over the other.

4. *Alternative Domain Name Systems*

PG Media, which does business as name.space, provides name servers that can resolve a made-up domain name (e.g., *name.space*) to the actual domain name (e.g., *namespace.pgpmmedia.com*). While the prospect of a huge new address space is attractive, the requirement that users reference servers "outside" the official roots likely will continue to inhibit widespread adoption of name.space and similar systems.⁹

7. Netscape's FAQ on how Internet Keywords work and whether they raise privacy issues can be found at <<http://home.netscape.com/escapes/keywords/faq.html>>.

8. See Rafe Colburn, "Outraged!: The Name Game," (last modified Jul. 31, 1998) <<http://rc3.org/outraged/980722.html>>, for a light commentary on this issue.

9. PG Media filed an antitrust action against NSI, seeking to open up competition for registrations under the existing "generic TLDs". In September 1997, PG amended its complaint, adding the National Science Foundation (NSF) as a defendant. Cross-motions for summary judgment, and a motion by NSF to stay the proceedings, were filed in 1998. On March 16, 1999, the district court dismissed the suit, citing the immunity of the federal government, and by extion its contractor, to antitrust liability. *PG Media, Inc., d/b/a name.space v. Network Solutions, Inc.*, No. 97-Civ.-1946(RPP) (S.D.N.Y. filed March 20, 1997) (1999 WL 144494).

II

Trademark Rights Trump Domain Names

While the vast majority of trademark problems in cyberspace involve garden variety infringements of word and design marks on web pages, disputes over domain names have captured the lion's share of attention in the Internet community and media. While there remain few open issues in the application of the Lanham¹⁰ and Antidilution¹¹ Acts to domain names, the global implications have not fully been settled, and there still are no inexpensive administrative venues for resolving domain name disputes.

A. 1994-1996: Trademark Principles Apply to Internet Domain Names

By the end of 1996, most participants in the Internet community recognized and accepted that domain names no longer functioned merely as addresses—if they ever did. Domain names can and often do convey information about the identity and source of goods and services.

1. Domain Names Can Conflict with Trademarks

Irrespective of whether a domain name is used as a brand or as an address, a domain name or SLD can conflict with an existing trademark or trade name either by causing confusion in the marketplace, or by “diluting” a famous mark. *Comp Examiner v. Juris*¹² and *Panavision v. Toeppen*,¹³ exemplify the favorable rulings trademark holders secured in 1996 on the confusion and dilution issues, respectively.

10. 15 U.S.C. § 1051 et. seq.

11. 15 U.S.C. § 1025(c).

12. See *The Comp Examiner Agency v. Juris, Inc.*, 1996 WL 376600, 1996 U.S. Dist. LEXIS 20259 (C.D. Cal. 1996). Comp Examiner filed a declaratory judgment action to prevent Network Solutions, Inc. (NSI), the registrar for .com domains, from putting the *juris.com* domain name “on hold.” Comp Examiner was unable to convince the court to disregard Juris’ incontestable registration of JURIS.

13. See *Panavision International v. Toeppen and Network Solutions, Inc.*, 945 F. Supp. 1296, 1304 (C.D. Cal. 1996) *aff’d*, 141 F.3d 1316 (9th Cir. 1998) (“Toeppen’s [registration of *panavision.com* diluted the PANAVISION mark because it] . . . prevented Panavision from using its marks in a new and important business medium”).

2. Domain Names Can Function as Trademarks

Trademark practitioners generally agree that domain names can function as indicators of source or sponsorship—and the U.S. Patent and Trademark Office is prepared to register them—if used in a manner similar to traditional trademarks. Conversely, use merely as an address is unlikely to create trademark rights.¹⁴

3. “The Trademark Problem”

The Internet community refers to two very different phenomena as “the trademark problem”: (1) the impossibility of two companies using the same names and marks as SLDs in the same TLD (typically .COM) when both have a legitimate basis for doing so, and (2) the registration of an infringing or diluting domain name by an entity with inferior rights. The principal response in the Internet community to the first trademark problem is the creation of new generic TLDs (gTLDs) which, unfortunately, is likely to exacerbate the second problem.

4. NSI’s Response to Trademark Disputes

Until July 1995, Network Solutions, Inc., the principal in InterNIC, the domain registrar for, *inter alia*, the .com TLD, followed a policy of non-involvement in trademark disputes concerning domain names. After being named in suits alleging RICO violations¹⁵, NSI reversed course and issued a policy indicating that domain names identical to registered trademarks would be placed “on hold” (removed from the .com zone server) unless the domain name registrant also held a registered trademark. NSI has been sued several times to avoid potentially disastrous interruptions of name service resulting from its policy.

B. 1997-1998: New Fact Patterns, Similar Results

Courts continue to hold that domain names can (and usually do) infringe or dilute trademarks. Some earlier cases

14. See US Patent and Trademark Office, *Trademark Examination of Domain Names* (visited Apr. 18, 1999) <<http://www.uspto.gov/web/offices/tac/domain/tmdomain.htm>>.

15. See, e.g., *KnowledgeNet Inc. v. Boone*, No. 94-CV-7195 (N.D. Ill. Dec. 2, 1994).

gave too little thought to factors that would reduce confusion; the recent cases generally have been more thorough.

1. *Infringement and Dilution Claims*

a. Ninth Circuit Expands the Rationale Behind "Dilution" Claims

Affirming *Panavision v. Toeppen*,¹⁶ the Ninth Circuit strengthened the hand of trademark holders by articulating a practical, user-focused rationale for its finding that the PANAVISION mark is diluted by Toeppen's use: users typically guess that a company's name or trademark *plus* .com will be its domain name; when this fails to locate the trademark holder, users may stop searching for the trademark holder's site "due to anger, frustration or the belief that plaintiff's home page does not exist", and if they do search, they may encounter so many irrelevant references that they will be deterred from searching further.¹⁷ This rationale, combined with the holding that neither blurring nor tarnishment need be shown, solidifies the new doctrine of dilution *per se* by use of famous marks as domain names.

b. Limits on First Amendment Defenses

Following a year in which political parody web sites could be found at *dole96.com* and *whitehouse.org*, one might have concluded that First Amendment and parody defenses might extend to domain names themselves. In *Planned Parenthood Foundation of America v. Bucci*, however, the U.S. District Court for the Southern District of New York concluded that because the *plannedparenthood.com* domain name is more analogous to a source identifier than to a communicative message, defendant's free speech rights do not trump plaintiff's trademark rights.¹⁸

16. 945 F. Supp. 1296 (C.D. CA 1996).

17. *Panavision*, 141 F.3d at 1327

18. *Planned Parenthood Found. Of Am. v. Bucci*, 42 U.S.P.Q.2d (BNA) 1430, 1440 (S.D.N.Y. 1997). Defendant also headed his home page "Welcome to the Planned Parenthood Home Page." *Id.*

c. Content Matters: Diversion of Traffic May Not Infringe

Departing from the questionable ruling in *Actmedia*¹⁹ that simply registering a domain name constitutes infringement, the U.S. District Court for the Central District of California ruled that *initial confusion* that dissipated upon viewing of a web site "is not cognizable under the trademark laws."²⁰ Nevertheless, the court granted an injunction based on the "reasoning" in the *Intermatic*²¹ case, that denying a trademark holder the right to register its famous trademark as a second level domain is dilution *per se*.²²

d. Domain Name Leasing as a Form of "Dilution"

When a ruling begins "Defendants are 'cybersquatters'" ²³ it obviously will not favor the domain name holder. Jerry Sumpton registered over 12,000 common surnames under .com, .net, or .org, and offered, for a fee, to relay e-mail received at *yourname@* an appropriate domain name, or to lease the domain name on an exclusive basis.²⁴ The court ruled that registering *avery.net* and *dennison.net* diluted Avery-Dennison's marks, despite the fact that, unlike in the *Toeppen* cases, Avery-Dennison already held the .com domains—the public should have no difficulty locating the company on the Internet—and there was no evidence of extortion.²⁵ Sumpton's lack of association with the names Avery or Dennison (as trademarks, family names, or otherwise), and his offering of domains *for sale or license to others*, sufficed to establish "use in the ordinary course of trade."²⁶ While "warehousing" domains would not appear to fall within the purview of this test, transferring even a single

19. *Actmedia, Inc. v. Active Media International*, 1996 U.S. Dist. LEXIS 20814 at *2 (N.D. Ill. 1996).

20. *TeleTech Customer Care Management (Cal.), Inc. v. Tele-Tech Co.*, 42 U.S.P.Q.2d (BNA) 1913, 1919 (C.D. Cal. 1997). However, a *lengthy* delay before one realizes she has reached the wrong site *does* support a finding of infringement. *Planned Parenthood*, 42 U.S.P.Q.2d (BNA) at 1438.

21. *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1240 (N.D. Ill. 1996).

22. *See id.*

23. *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1338 (C.D. Cal. 1998).

24. *See id.*

25. *See id.* at 1341.

26. *Id.* at 1339-40.

domain to a third party might convert a collector to a trader, triggering dilution liability.

e. Electronic Retaliation May Be Costly!

In *Cardservice International v. McGee*, the court made a rare finding of bad faith justifying an award of attorney's fees to the prevailing plaintiff.²⁷ Defendants had overtly retaliated against plaintiff, using the challenged *cardservice.com* domain name to divert business away from plaintiff to its competitors, and waging a P.R. battle on the 'net'.²⁸

f. Third Level Domain Names

The National Football League objected to a Florida newspaper's web site for the Jacksonville Jaguars, posted at <http://jaguars.jacksonville.com>. Facing open defiance from several local papers concerning NFL's attempts to prevent them from posting sports photographs on their web sites, the NFL settled for a disclaimer atop the home page. The question of liability for use of a mark as a subdomain remains open.

2. *International Domain Name Disputes*

In Germany and the United Kingdom a number of domain name disputes now have been litigated.²⁹ In most cases, the holder of prior trademark rights, corporate or city names rights has prevailed.

III

Initiating and Resolving Domain Name Disputes

As a general rule, most domain name disputes begin with a cease and desist letter. Unless the parties find common ground, the next step often is to lodge a complaint with the registrar that controls the zone server for the domain. If that is not possible, or if the matter still cannot be resolved, a civil action may be appropriate.

27. *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 742-43 (E.D. Va. 1997).

28. *See id.* at 738-39.

29. *See* The International Trademark Association, *Cybersquatters Get the Boot in the U.K.* (visited Apr. 18, 1999) <<http://www.inta.org/squatuk.htm>>.

A. Challenging a Domain Name: Informal Procedures

The world's largest registrar, being situated in perhaps the world's most litigious country has, not surprisingly, evolved the most intricate dispute policy. Most other registrars attempt to remain completely neutral. But NSI does not *resolve* disputes, it merely situates itself in a position to sustain the least damage and tries to get out of the way. Although the Federal government and other Internet powers-that-be have acknowledged public (i.e., trademark holder) dissatisfaction with the situation, specific alternative dispute resolution procedures for domain name disputes remain years away.

1. Prerequisites to Invoking NSI's Dispute Procedure

Trademark holders must meet highly specific requirements to successfully invoke NSI's dispute policy.³⁰

a. Ownership of an Identical Trademark Registration

NSI requires that the trademark holder own a registration of a mark identical to the second level domain name (not the entire domain name), with no design elements, at the federal level, on the Principal Register or its equivalent in other nations. Under a previous version of the policy, David Graves, the NSI employee charged with carrying out the policy indicated:

We normally discount spaces, small adjectives, and common abbreviations for companies and corporations. For example, a trademark for 'The Washington Post' would be identical to the domain name 'washingtonpost.com.' Or, a trademark for 'Network Solutions' would be identical to the domain name 'networksolutionsinc. com.' Other variants are evaluated on a case-by-case basis by our IP and corporate counsels.³¹

b. Issuance of a Suitable Demand Letter

NSI requires proof that the trademark holder has given the domain name holder written notice of its belief that "the

30. See Network Solutions, *Network Solutions' Domain Name Dispute Policy* (visited Apr. 18, 1999) <<http://www.networksolutions.com/legal/dispute-policy.htm>>.

31. See Letter from David Graves to Cilifford A. Ulrich (Oct. 2, 1996) (on file with author).

registration and use of the disputed domain name violates [its] trademark rights.”³² Conclusory allegations are insufficient: “the notice must also clearly allege the factual and legal basis” for the infringement claim.³³ NSI also requires grounds for believing that notice was received by the domain name holder; an e-mail or fax confirmation, however, is not sufficient.³⁴

c. Understanding “Priority”

NSI assesses priority as between the date on which a domain name was *activated*— which usually is equivalent to registration, rather than use— and the *effective date* of the trademark registration, which is the earlier of filing or first use as stated in the registration.³⁵ Thus, an old domain name which only recently commenced commercial use may be immune from challenge under the policy to a claim based on an intervening registration.

2. *An Incomplete Remedy for Trademark Holders*

NSI has set forth procedures for how it “may” respond to complaints from trademark holders, in which it explicitly declares that third parties are not granted any rights under the policy. Nevertheless, NSI appears to follow its policy in most cases.

a. Domain Name “Limbo”

If the domain name holder does not also hold trademark rights, NSI will place the name “on hold” by cutting off name service to the domain pending private disposition of the dispute.³⁶ Thus, the trademark holder usually will not obtain use of the domain without either expending substantial resources in litigation or paying off the domain name registrant.

32. See Network Solutions’ Domain Name Dispute Policy, *supra* note 30.

33. *See id.*

34. *See id.*

35. *See id.*

36. *See id.*

b. Common Law Rights Get No Respect

Unregistered trademarks and trade names have no standing under NSI's policy.

c. Similar Is Not Close Enough

Perhaps it is too much to ask that NSI conduct a likelihood of confusion analysis for nonidentical marks. However, the identity requirement allows marginally different domains such as *disnyland.com*, *microsuft.com* and *pepsikola.com* to cash in on America's weak typing and spelling skills.

3. *A Nightmare for Domain Name Holders*

Legitimate domain name holders have little choice but to register their second-level domains as trademarks to avoid having them placed on hold at the behest of another trademark holder.

a. Common Law Rights Are No Defense

Even if the domain name holder in fact holds better rights than the trademark holder, such rights are disregarded by NSI.³⁷

b. Likelihood of Confusion, or Lack Thereof, Is Irrelevant

NSI relies on a comparison of the marks themselves, and the language of the trademark holder's cease and desist letter, rather than conducting its own analysis of whether use of the domain name is likely to cause confusion or dilution. Thus, the fact that the trademark holder and domain name holder could coexist in the marketplace is given no weight under the policy.

c. Irreparable Harm is Not a Consideration

NSI pays no heed to the extent of the domain name holder's use of the domain name, including the possibility that all of the registrant's income is generated through the

37. This was alleged to be the situation in *Data Concepts v. Digital Consulting et al.*, No. 96-CV-429 (M.D. Tenn. filed May 8, 1996), a suit brought by the domain name holder against NSI to prevent the mark from being placed on hold.

Internet, or that the registrant is an ISP or e-mail provider upon whom thousands of Internet users depend.³⁸

B. Home Court Advantage: Rewiring the Rules of Personal Jurisdiction

Company and product names which previously had only local or national exposure now are coming into conflict through the Internet. But an infringement or dilution case may never be filed if the plaintiff must bring the claim in Paris, Texas or Paris, France, rather than its home town. Court rulings on jurisdiction of out-of-state defendants based solely on Internet activities can be found in support of any proposition. Nevertheless, at least a few principles appear now to be generally accepted.

1. General Jurisdiction: "Doing Business" in the Forum

Most cases do not find the kind of "substantial, continuous and systematic" contacts with the forum required for *general jurisdiction*. In particular, maintaining a web site accessible in the forum (but not hosted there) is not sufficient in itself to establish a basis for general jurisdiction.³⁹

2. Specific Jurisdiction: "Purposeful Availment"

Only minimal contacts are required for specific jurisdiction, but to comport with Constitutional due process protections, the claim must arise out of or result from those forum-related activities, the defendant must "perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws," and the exercise of jurisdiction must be "reasonable" (or "fundamentally fair").⁴⁰

38. For example, NSI would have put the *roadrunner.com* and *juno.com* domain names on hold had the domain name holders not sued NSI, disrupting service to thousands of subscribers. See *Roadrunner Computer Sys., Inc. v. Network Solutions, Inc.*, No. 96-413-A (E.D. Va. filed Mar. 26, 1996); see also *Juno Online Services, L.P. v. Juno Lighting, Inc. and Network Solutions, Inc.*, No. 96-1505-A (E.D. Va. filed Oct. 18, 1996), *transferred to Juno Online Services v. Juno Lighting*, No. 97-CV-791 (N.D. Ill. filed Feb. 4, 1997).

39. See, e.g., *Panavision Int'l L.P. v. Toeppen* 141 F.3d 1316, 1320 (9th Cir. 1998) (Holding that at Illinois defendant operating a web site in Illinois, without more does not have "substantial" or "continuous and systematic" contacts with California).

40. *Id.*

a. Commercial Relationships Among the Parties

Commercial relationships, even if formed entirely through electronic networks, probably are a sufficient basis for jurisdiction of disputes arising out of the relationship. In *CompuServe v. Patterson*, CompuServe distributed defendant's software and handled the payments through its Ohio-based network.⁴¹ When Patterson objected to CompuServe using his trademark on other software, CompuServe sought a declaratory judgment of non-infringement in Ohio.⁴² In view of the ongoing commercial relationship, forum selection clause, and sales to Ohio residents, the Sixth Circuit allowed the exercise of jurisdiction.⁴³ Such party-to-party contacts, however, are rare in trademark litigation.

b. Commercial Relationships With Others in the Forum

Companies that establish paid subscriber relationships in a forum, such as companies providing Internet access services⁴⁴ or online information services,⁴⁵ generally should expect to be subject to suit in the forum if the claim arises out of its Internet-based activities. Query whether subscriptions to a free e-mail update about changes on a web site or company news would be given the same significance.

c. Soliciting Business From All Consumers Everywhere

Advertising in magazines of national circulation—by itself—generally does not rise to the level of directing activities toward a particular forum; nor does the mere posting of a web page. The Ninth Circuit's 1997 *Cybersell* decision⁴⁶ presented the paradigmatic case: the Florida defendant had no customers in or other contacts with the forum state, did not "deliberately direct" its promotional

41. See *CompuServe, Inc. v. Patterson*, 89 F.3d 1257, 1260 (6th Cir. 1996).

42. See *id.* at 1261.

43. See *id.* at 1263.

44. See, e.g., *American Network, Inc. v. Access America/Connect Atlanta, Inc.*, 975 F. Supp. 494 (S.D.N.Y. 1997) (six New York subscribers paying a total of \$150/month).

45. See, e.g., *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 119 (W.D. Pa. 1997) (3,000 Pennsylvania subscribers accessing defendant's Usenet news service through two local ISPs with which it had contracted).

46. *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997).

efforts there, and the only hits on its web site from the forum were made by the plaintiff.⁴⁷ However, most cases involving advertising pitches on web sites have reached the opposite conclusion because there were additional activities such as an interactive subscription feature on the web site for services not yet available,⁴⁸ a toll-free phone number,⁴⁹ or advertising in local print media.⁵⁰ A site that describes a proposed service that is not yet available, but does not solicit orders (and does not “target” the trademark holder), probably does not meet the test.⁵¹

d. Incidentally Advertising Everywhere

Web sites promoting local activities for the benefit of local users, without “plus factors” such as toll-free numbers, appear to present a simple case. In *Bensusan v. King*,⁵² plaintiff and defendant both operated unrelated jazz nightclubs named The Blue Note, in New York City and Columbia, Missouri, respectively.⁵³ King’s club did not sell tickets over the ‘net, but they did allow orders by phone on a “will call” basis, and made no special efforts to attract out-of-

47. See *id.* at 419-20.

48. See, e.g., *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328, 1333-34 (E.D. Mo. 1996) (indiscriminate broadcasting of promotional information for forthcoming services, interactive facilities for advance subscription to the service [receiving advertisements for desired goods and services via e-mail], and evidence that the site had been accessed from Missouri 131 times were sufficient to establish purposeful availment by California defendant).

49. See *Inset Sys., Inc. v. Instruction Set, Inc.*, 937 F. Supp. 161, 165 (D. Conn. 1996) (constant availability of web site was analogous to repetitive advertising in periodicals known to circulate in the forum, and defendants’ toll-free number evinced intent to solicit business from the forum—absence of actual business in the forum apparently was deemed irrelevant; fairness was satisfied because the travel time from defendant’s Massachusetts offices to the courthouse was less than two hours).

50. See, e.g., *Heroes, Inc. v. Heroes Foundation*, 958 F. Supp. 1, 3-4 (D.D.C. 1996). (In this case, the advertisement placed in the Washington Post listing a toll-free number was probably more influential in the court’s ruling than the defendant’s web page).

51. See *Hearst Corp. v. Goldberger*, 1997 U.S. Dist. WL 97097, 15 (S.D.N.Y. Feb. 26, 1997) LEXIS 2065, 1997. I add the note about targeting because in some cases, registering a domain name may be viewed as meeting the effects test irrespective of the absence of commercial activity on a site.

52. See *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295, 297 (S.D.N.Y. 1996).

53. See *id.*

state customers.⁵⁴ The Second Circuit avoided reaching the due process issues, declining to exercise jurisdiction based on the requirements of New York's long-arm statute; the district court did reach the issue in dicta.⁵⁵ Nevertheless, the case frequently is cited for the proposition that purposeful availment cannot be found on its facts. Query whether additional verbiage enticing out-of-state travelers to visit a local establishment should change the result.

3. *Specific Jurisdiction: The "Effects Test"*

Purposeful availment may be established in intentional tort cases by a showing that a defendant targeted intentional actions at the forum state with the knowledge and the result that the brunt of the harm to plaintiff will be suffered in the forum state.⁵⁶ While all trademark infringement cases conceivably could be analyzed as intentional tort cases, the effects doctrine probably will be applied only to the most egregious conduct. In *Panavision v. Toeppen*, the Ninth Circuit held that defendant's scheme to register Panavision's trademarks as his domain names *for the purpose of extorting money from Panavision* justified invoking this doctrine.⁵⁷ The injury to Panavision from Toeppen's registration of panavision.com was felt in California, Panavision's "principal place of business and where the movie and television industry is centered."⁵⁸ The latter criterion—a disproportionately large cluster of customers in the forum—appears to be the more compelling basis for the ruling because the case did not involve injury to reputation. Instead, dilution was due to inability to use the domain name rather than tarnishment, and basing injury solely on the possibility of lost sales would make every case an effects case.

54. *See id.*

55. *Bensusan Restaurant Corp. v. King*, 126 F.3d 25 (2d Cir. 1997).

56. *See Calder v. Jones* 465 U.S. 783 (1984) (California Court had jurisdiction in a defamation action brought by Shirley Jones against the Florida based *The National Enquirer*).

57. *See Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1322; 46 U.S.P.Q.2d (BNA) 1511 (9th Cir. 1998).

58. *Id.*

IV

Dealing in Cyberclaims: Buying and Selling Domain Names.

What is a domain name? A database entry on a zone server. A contractual commitment to provide name service. A unique server name. A business identifier. Maybe, and maybe just plain cool. Having elements of an unregistered trademark and a liquor license can make domain names a complex property to exchange— and none too cheap.

A. The Mechanics of Transferring an InterNIC Domain

NSI has developed a procedure by which it hopes never to accidentally transfer a domain name without the current holder's consent.⁵⁹ In short, the buyer attempts to register the name and receives a rejection bearing a tracking number. Both parties sign the "Registrant Name Change Agreement" (the seller's signature must be notarized), fill in the tracking number, and send the original signed document to InterNIC for processing. Upon transfer of the name, the buyer is billed the \$70 registration fee for its new registration.

B. How to Buy a Domain Name

While the formal InterNIC process is relatively straightforward, if somewhat burdensome for the seller, the real issues are what to buy, what to spend, how to open the dialogue, and how to close. Pitfalls abound.

1. Is it an IP rights acquisition?

As a tactical matter, buyer might not want to concede that the domain has attained trademark significance. On the other hand, it might be important to acquire any goodwill associated with the name as a hedge against others who might have adopted similar names or marks in the interim.

2. Do your "due diligence"

Many registrations are made under fictitious names, or may be held beneficially for silent partners. Buyer should

59. The current form and instructions can be found on the NSI website. See Network Solutions, *Network Solutions' Domain Name Dispute Policy* (visited June. 4, 1999) <<http://www.networksolutions.com/makechanges>>.

identify all parties that need to be bound by the agreement and ensure that they consent. Where buyer will use the domain as a trademark, "due diligence" should be conducted as though a trademark were being acquired.

3. Consideration

The "going rate" for a domain depends on the importance of the name to both parties, the urgency of buyer's need, the cost to seller of ceasing use, and whether either party has any legal leverage. A domain that is unimportant to seller and conflicts with buyer's established trademark often can be acquired for a nominal premium over cost. A generic term that names a hot category, on the other hand, could cost six figures. But in some cases, services or free products, such as software, will be accepted in lieu of cash.

4. Future Obligations

While buyer typically will require assurances as to title and indemnification for infringement, the average seller is in no position to make good on such obligations. Nor will it necessarily be possible to locate seller when a declaration or supplemental assignment is needed. Sellers can, however, be made to agree not to register or use domains or marks highly similar to the transferred domain. On the other hand, allowing use under a different TLD (e.g., .net or .org) might ease seller's transition and reduce the price.

5. Should the lawyer do the talking or just get out of the way?

Where the registrant indicates a willingness to sell or transfer, it is often best for counsel to simply provide an appropriate form or term sheet and let buyer negotiate the price and other terms—with a full understanding of the protections that might be lost if various boilerplate legalese is omitted.

C. How to Sell a Domain Name

The domain name holder wants cash up front and lots of it. If there is to be a formal agreement, the seller should ask for more.

1. *The domain is sold AS IS*

For a few thousand bucks, seller will resist onerous representations, warranties, and indemnities, but should be willing to make full disclosure of any claims asserted by other trademark holders. Seller also will insist on being paid despite any errors by NSI that might result in a third party obtaining the domain.

2. *No future obligations*

Seller will resist ambiguous language about not adopting “similar” names or marks, and will expect to be paid for any additional paperwork required in the future, such as assignments or declarations in support of the common law rights in the name.

3. *Tell my customers and friends*

Seller would like a prominent link on buyer’s site so that its customers and friends can find the new address, particularly if this does not raise infringement concerns. Seller also would like to receive any e-mail misdirected to the old address delivered to it—unread—and may request a nondisclosure agreement as additional insurance.

D. Sample Agreements

While in some cases one might want to limit the paperwork to the registrar’s official forms, more often than not we find it appropriate to enter into a master agreement. The sample agreements in appendices D-1, D-2, and D-3 were created for specific situations, and then “sanitized” by removing information specific to the particular transaction. They are not forms that can be relied upon to fit other situations, but they provide potentially useful guidance for personal drafting.

Appendix D-1.
Trademark Non-Use and Internet Domain Name
Transfer Agreement

(Dispute context; not acquiring trademark rights)

This Trademark Non-Use and Internet Domain Name Transfer Agreement ("Agreement") is entered into as of this ____ day of September, 1998, by and between **Buyer, Inc.**, a **State** corporation with a principal place of business at **BuyerAddress ("Buyer")**, and **Mr. Seller**, an individual doing business as **SellerDBA**, with an address at **SellerAddress ("Seller")**.

RECITALS

WHEREAS, for several years **Buyer** has used the trade names and trademarks **MARK1 and MARK2, and the domain names mark1.com and mark2.com**, in connection with **BuyerServies**, and has expended significant time and resources developing extensive customer recognition and goodwill in the **MARK1 and MARK2** marks, and further has registered the **MARK1 and MARK2** marks with the United States Patent and Trademark Office,

WHEREAS, **Seller** recently registered with InterNIC the domain names **mark1x.com and mark2x.com** (copies of the whois records for which are listed on Attachment A hereto),

WHEREAS, **Buyer** objects to **Seller's** use of the **mark1x.com and mark2x.com** domain names, and **Buyer** and **Seller** are desirous of resolving this dispute without recourse to litigation, and

WHEREAS, **Buyer** and **Seller** are agreeable to a transfer of the **mark1x.com and mark2x.com** domain names,

THEREFORE, for and in consideration of the foregoing and of the mutual representations, promises, terms, and conditions contained herein, the parties agree as follows:

1. **Seller** acknowledges **Buyer's** superior rights to the **MARK1 and MARK2** trademarks and trade names.

2. Effective immediately with its execution of this Agreement, **Seller** shall cease all use of the **mark1x.com and mark2x.com** domain names by cutting off name service to the domains and removing links to the domains from any and all web pages under its control. **Seller** agrees not to use or register any trademark, trade name, fictitious business name, or domain name containing or similar to "**MARK1**" or "**MARK2**" in the future.

3. **Seller** agrees to complete the Registrant Name Change Agreements ("RNCAs") attached hereto as Attachment B, in accordance with current InterNIC/Network Solutions, Inc. guidelines, and return the signed and notarized RNCAs along with this Agreement to **BuyerCounsel**, retaining a copy for its records.

4. In exchange for the transfer, and the promises made herein, **Buyer** agrees to reimburse **Seller** the \$____ it spent to register the domain names, within ten (10) business days after receipt of all of the following:

Both this Agreement, executed by **Seller**, and the attached RNCAs, executed by **Seller** and notarized; and

Confirmation from InterNIC/Network Solutions, Inc. that the **mark1x.com and mark2x.com** domain names have been transferred to **Buyer**.

5. **Seller** represents and warrants that **it** has the full power to enter into and perform this Agreement, and to make the domain name transfer contained in it, and that use by **Buyer** of the **mark1x.com and mark2x.com** domain name as described in this Agreement will not infringe or otherwise violate any rights of any third party. **Seller** indemnifies and holds **Buyer** harmless from and against any claim, loss, proceeding, liability, judgment, cost, or expense (including without limitation attorneys' fees) of any kind and character suffered or incurred by **Buyer** by reason of any breach or

alleged breach or failure of any of the warranties, agreements, representations, or obligations of **Seller** under this Agreement.

6. **Seller** acknowledges that **Seller** remains responsible for any and all liabilities, known and unknown, arising out of or related to its use, ownership, or administration of the **mark1x.com and mark2x.com** domain name or any server at that domain name ("Preexisting Liabilities"), and that no Preexisting Liabilities are transferred to or assumed by **Buyer**. **Seller** will indemnify Buyer and hold it harmless from and against all claims, damages, losses and expenses, including reasonable fees and expenses of attorneys and other professionals, relating to any Preexisting Liabilities.

7. **Buyer** does not plan to forward to **Seller** any electronic mail messages received at **mark1x.com or mark2x.com**. IN NO EVENT SHALL **BUYER** BE LIABLE FOR ANY LOST PROFITS, LOST REVENUE, LOST DATA OR ANY FORM OF SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND WHETHER BASED ON BREACH OF CONTRACT OR WARRANTY, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR OTHERWISE (WHETHER OR NOT FORESEEABLE), EVEN IF INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES, FOR FAILURE TO DELIVER OR TIMELY DELIVER ANY ELECTRONIC MAIL MESSAGE TO **SELLER**.

8. This Agreement shall extend to, inure to the benefit of, and be binding upon the parties hereto and their respective partners, agents, employees, representatives, affiliates, successors, and assigns.

9. Nothing in this Agreement will be construed so as to impair any legal or equitable right of any party hereto to enforce any of the terms of this Agreement by any means, including, without limitation, an action for damages or a suit to obtain specific performance of any or all of the terms of this Agreement. In the event of such an action, the prevailing party shall be entitled to all costs of the action, including reasonable attorneys' fees, in addition to any other relief to which such party may be entitled. It is hereby expressly

acknowledged by all parties to this Agreement that a breach by **Seller** of Paragraph 2 of this Agreement will cause such injury as the laws of the State of California recognize as immediate and irreparable and that preliminary and permanent injunctive relief would be appropriate in the event of such a breach.

10. This Agreement will be governed by and construed in accordance with the laws of the State of **California** applicable to contracts made and performed in **California** by **California** residents. The sole jurisdiction and venue for actions related to the subject matter hereof shall be the state and federal courts having within their jurisdiction the location of **Buyer's** principal place of business. Both parties hereby consent to such jurisdiction and venue.

11. In the event that any provision of this Agreement or the application of any provision of this Agreement is held by a tribunal of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement shall remain in full force and effect and this Agreement shall be interpreted as if the invalid provision were omitted.

12. The failure of either party at any time or times to demand strict performance by the other party of any of the terms, covenants, or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof and each may at any time demand strict and complete performance by the other of said terms, covenants, and conditions.

13. This Agreement, including the attached RNCAs, constitutes the entire agreement between the parties with respect to the **mark1x.com and mark2x.com** domain name, and supersedes all prior negotiations and agreements, whether written or oral, relating to such resolution. This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by an instrument in writing duly executed by authorized representatives of each of the parties hereto.

[Signature block and attachments]

Appendix D-2

Internet Domain Name Transfer Agreement

(Non-dispute context; acquiring common law trademark rights)

This Internet Domain Name Transfer Agreement ("Agreement") is entered into as of this ____ day of _____, 1999, by and among Buyer, Inc., a SellerState corporation ("Buyer"), and **SellerFullName**, a **SellerState** corporation ("**Seller**"). For and in consideration of the mutual representations, promises, terms, and conditions contained herein, the parties agree as follows:

1. **Seller** hereby assigns to Buyer all right, title and interest worldwide in and to the **Domain** domain name, together with any goodwill associated therewith. **Seller** represents and warrants that **Seller** has the full power to enter into and perform this Agreement.

2. **Seller** agrees to complete the Registrant Name Change Agreement ("RNCA") attached hereto in accordance with current InterNIC/Network Solutions, Inc. guidelines, and return the signed and notarized RNCA along with this Agreement to _____ at Buyer, retaining a copy for its records. **Seller** will provide or execute such other information or documents, and send such electronic mail messages, as may be necessary to accomplish the transfer of the domain name upon Buyer's reasonable request. Buyer shall submit the RNCA to InterNIC within five (5) business days of receipt.

3. In exchange for the foregoing, Buyer agrees to compensate **Seller** in the form of one lump sum payment of \$____. Buyer shall send payment in full to _____ at **Seller** within five (5) business days after confirmation that InterNIC has transferred the domain name to Buyer (a current printout of a whois query shall be sufficient evidence of the transfer).

4. Buyer shall have no obligation to forward to **Seller** electronic mail messages or other communications of any kind received at **Domain**. IN NO EVENT SHALL BUYER BE LIABLE FOR ANY LOST PROFITS, LOST REVENUE, LOST DATA OR ANY FORM OF SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND WHETHER BASED ON BREACH OF CONTRACT OR WARRANTY, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR OTHERWISE (WHETHER OR NOT FORESEEABLE), EVEN IF INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES, FOR FAILURE TO DELIVER OR TIMELY DELIVER ANY ELECTRONIC MAIL MESSAGE.

5. This Agreement will be governed by and construed in accordance with the laws of the State of **SellerState** applicable to contracts made and performed in **SellerState** by **SellerState** residents.

6. In the event that any provision of this Agreement or the application of any provision of this Agreement is held by a tribunal of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement shall remain in full force and effect and this Agreement shall be interpreted as if such invalid provisions were omitted.

7. This Agreement constitutes the entire agreement between the parties with respect to the **Domain** domain name, and supersedes all prior negotiations and agreements, whether written or oral, relating to such resolution. This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by an instrument in writing duly executed by authorized representatives of each of the parties hereto.

[Signature block and attachments]

Appendix D-3
Internet Domain Name Transfer
Agreement and Release

(Dispute context, transferring Trademark rights, seller
bias)

(Note: This sample does not reflect current NSI
procedures)

This Internet Domain Name Transfer Agreement and Release ("Agreement") is entered into as of this ____ day of February, 1997, by and between **BuyerFullName**, a **BuyerState** corporation with a principal place of business at **BuyerAddress** ("**Buyer**"), and **SellerFullName**, an individual doing business as **SellerDBA1**, with an address at **SellerAddress** ("**Seller**"), referred to collectively herein as "the parties."

RECITALS

WHEREAS, **Buyer** objects to **Seller's** registration of the **Domain** domain name, the whois record for which is set forth on Attachment A hereto, and

WHEREAS, **Buyer** and **Seller** are desirous of resolving this dispute amicably through a transfer of the **Domain** domain name to **Buyer**,

THEREFORE, for and in consideration of the foregoing and of the mutual representations, promises, terms, and conditions contained herein, the parties agree as follows:

1. **Seller** hereby assigns to **Buyer** all right, title and interest worldwide in and to the **Domain** domain name, together with any goodwill associated therewith. The **Domain** domain name is transferred by **Seller** "AS IS" and without any warranty, express, implied, or otherwise, including but not limited to any warranties regarding non-infringement of third party rights, or its merchantability or fitness for a particular purpose.

2. To initiate the transfer of the **Domain** domain name to **Buyer**, **Seller** agrees to send a filled-out delete template to **Buyer** or its designee (at **hostmaster@buyer.com**) within ten (10) business days of the execution of this Agreement, in accordance with the current procedures promulgated by InterNIC/Network Solutions, Inc. (the "NIC"), as set forth on Attachment B hereto. **Buyer** recognizes that **Seller's** sole obligation under InterNIC/Network Solutions, Inc. procedures is to send the aforementioned template. In no event shall **Seller** be liable for any damages based on any theory as a result of any intentional, negligent, inadvertent, or other failure of the NIC to transfer or delay in transferring the **Domain** domain name to **Buyer**.

3. In exchange for the assignment, **Buyer** agrees to compensate **Seller \$n,000** within ten (10) business days after receipt of the "delete template" from **Seller**.

4. **Buyer** agrees to forward to **Seller** at **hostmaster@seller.com**, within seventy-two (72) hours of receipt any misdirected electronic mail messages received at **Domain**. **Buyer** recognizes that said messages may contain proprietary and confidential business or technical information intended solely for the use of **Seller**. **Buyer** agrees not to disclose, publish, disseminate, or use the contents of said messages for any purpose whatsoever, and shall delete said messages from its mail system and servers upon **Seller's** request.

5. In consideration of the parties' respective undertakings pursuant to this Agreement, each of the parties, on behalf of itself, its representatives, heirs, executors, attorneys, agents, partners, officers, shareholders, directors, employees, subsidiaries, affiliates, divisions, successors, and assigns, hereby forever releases and discharges the other party and the representatives, heirs, executors, attorneys, agents, partners, officers, shareholders, directors, employees, subsidiaries, affiliates, divisions, successors, and assigns of the other party, of and from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, demands,

losses, damages, costs or expenses which they may have against each other at the time of the execution of this Agreement, arising out of or relating to the use or registration of the **Domain** domain name by **Seller**. The parties expressly waive any rights or benefits available to them under the provisions of Section 1542 of the California Civil Code, which is quoted as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The parties understand the statutory language of Section 1542 of the California Civil Code but nevertheless elect to and hereby do release certain potentially unknown claims, as set forth above, and specifically waive any rights which they may have under said Civil Code Section. The parties fully understand, and expressly accept and assume the risk that if the facts with respect to the Agreement are found hereafter to be other than or different from the facts now believed by them to be true, the Agreement shall be and remain effective, notwithstanding any such differences. The parties state that this Agreement is executed voluntarily by them with full knowledge of its significance and legal effect.

6. This Agreement shall extend to, inure to the benefit of, and be binding upon the parties hereto and their respective directors, officers, partners, proprietors, attorneys, agents, servants, employees, representatives, affiliates, subsidiaries, shareholders, predecessors, successors, and assigns.

7. Nothing in this Agreement will be construed so as to impair any legal or equitable right of any party hereto to enforce any of the terms of this Agreement by any means, including, without limitation, an action for damages or a suit to obtain specific performance of any or all of the terms of this Agreement. In the event of such an action, the prevailing party shall be entitled to all costs of the action, including reasonable attorneys' fees, in addition to any other relief to which such party may be entitled. It is hereby expressly acknowledged by all parties to this Agreement that a breach

by **Buyer** of Paragraph 4 of this Agreement will cause such injury as the laws of the State of California recognize as immediate and irreparable and that preliminary and permanent injunctive relief would be appropriate in the event of such a breach.

8. This Agreement will be governed by and construed in accordance with the laws of the State of **SellerState** applicable to contracts made and performed in **SellerState** by **SellerState** residents. Both parties hereby consent to jurisdiction and venue for actions related to the subject matter hereof in the state and federal courts having within their jurisdiction the location of **Seller's** principal place of business.

9. In the event that any provision of this Agreement or the application of any provision of this Agreement is held by a tribunal of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement shall remain in full force and effect and this Agreement shall be interpreted as if such invalid provisions were omitted.

10. The failure of either party at any time or times to demand strict performance by the other party of any of the terms, covenants, or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof and each may at any time demand strict and complete performance by the other of said terms, covenants, and conditions.

11. **Each party** acknowledges that it has had the opportunity to consult independent counsel of its choice throughout all negotiations which preceded execution of this Agreement.

12. This Agreement constitutes the entire agreement between the parties with respect to the **Domain** domain name, and supersedes all prior negotiations and agreements, whether written or oral, relating to such resolution. This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by an instrument in

writing duly executed by authorized representatives of each of the parties hereto.

[Signature block and attachments]